

**DEPARTMENT OF STATE REVENUE**

**LETTER OF FINDINGS NUMBER: 01-0205P  
Individual Income Tax  
Calendar Year 2000**

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**ISSUE(S)**

**I. Tax Administration – Penalty**

**Authority:** IC 6-8.1-10-2.1(d); 45 IAC 15-11-2

Taxpayer protests the penalty assessed.

**STATEMENT OF FACTS**

Taxpayer's representative protests the penalty assessed and states that he prepared the taxpayer's Indiana State Income tax Return. Due to a software transfer error, the tax software used failed to compute the County tax and the representative failed to catch the error that resulted in the underpayment of tax.

Taxpayer's IT-40 shows no county tax calculation although his W-2 had tax deducted.

**I. Tax Administration – Negligence Penalty**

**DISCUSSION**

Taxpayer's representative requests that the department waive the penalty assessed because there was a software problem and he failed to catch the error that resulted in the underpayment of tax.

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Taxpayer's W-2 clearly shows county tax deducted and prior year returns clearly have the county tax calculated and deducted. Taxpayer's representative was negligent in failing to verify the information contained on the prepared IT-40 before mailing it to the Department.

Taxpayer has not provided reasonable cause to allow a waiver of the negligence penalty.

**FINDING**

Taxpayer's protest is denied.

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